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ORIGINAL

RECL  
AZ CORP COMMISSION  
DOCKET CONTROL

2017 MAR -2 P 4: 45

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

DOUG LITTLE, CHAIRMAN  
BOB BURNS  
TOM FORESE  
BOB STUMP  
ANDY TOBIN

Arizona Corporation Commission

**DOCKETED**

MAR 2 2017

DOCKETED BY

GB

IN THE MATTER OF THE  
APPLICATION OF ARIZONA PUBLIC  
SERVICE COMPANY FOR A HEARING  
TO DETERMINE THE FAIR VALUE OF  
THE UTILITY PROPERTY OF THE  
COMPANY FOR RATEMAKING  
PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN  
THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP  
SUCH RETURN.

DOCKET # E-01345A-16-0036

**MOTION FOR RECONSIDERATION  
OF FEBRUARY 6, 2017  
PROCEDURAL ORDER**

IN THE MATTER OF FUEL AND  
PURCHASED POWER PROCUREMENT  
AUDITS FOR ARIZONA PUBLIC  
SERVICE COMPANY

DOCKET # E-01345A-16-0123

New evidence has surfaced, so Warren Woodward ("Woodward"), Intervenor in the above proceeding, moves the Arizona Corporation Commission ("ACC") to

reconsider its February 6, 2017 Procedural Order that denied Woodward's January 19, 2017 Motion to Compel APS to Fully Answer Woodward's Data Request #2.19 (“Motion”).

Arizona Public Service company (“APS”), as ordered by the ACC's February 6, 2017 Procedural Order in this proceeding, provided a supplemental response to Woodward's data request 2.38.

Woodward 2.38 requested “... APS's original cost/benefit projections for APS's “smart” meter project before APS's first “smart” meter was installed.”

Woodward was not satisfied with APS supplemental response and so, after communicating with APS, APS provided a *second* supplement response that, among other things, included a spreadsheet (APSRC01884) showing APS's projected costs from 2005 to 2027 related to installing and utilizing “smart” meters.

At the Income Statement tab of the APSRC01884 spreadsheet (Exhibit A), there are line items for both IS (“Information Systems”) Maintenance and Host Software Licensing Fee. Yet when Woodward asked about those items in his 2.19 data request, APS responded thus: “APS does not account separately for software, services and IT costs related specifically to AMI meters.” (See Motion, p. 6)

In his Motion, Woodward characterized that APS response as “not believable.” Woodward was correct in his characterization. The fact that APS projected itemized costs 22 years into the future for both IS (“Information Systems”) Maintenance and Host

Software Licensing Fee is evidence that APS *does* in fact “account separately for software, services and IS [or “IT”] costs related specifically to AMI meters,” and that it should not be overly burdensome for APS to fully answer Woodward's 2.19 data request, especially 2.19h through k. Additionally, Woodward did not ask for a cup of coffee receipt; any expenditure large enough to have its own line on a spreadsheet should not be hard to locate.

There are always software and IT costs associated with a “smart” meter system. Since there is a yearly licensing fee associated with APS “smart” meter software, APS should know exactly what that fee is and where to find it in its records. Likewise, APS should know, and be able to locate without being overly burdened, the costs of its “smart” meter related cyber-security and data storage, especially if those are handled by an outside party like the software is. In other words, APS should also fully answer Woodward 2.19m, n, & t.

For all the reasons expressed herein and in Woodward's Motion, Woodward moves the ACC to reconsider and grant his January 19, 2017 Motion to Compel APS to Fully Answer Woodward's Data Request #2.19.

RESPECTFULLY SUBMITTED this 2<sup>nd</sup> day of March, 2017.

By



Warren Woodward  
200 Sierra Road  
Sedona, Arizona 86336

Original and 13 copies of the foregoing hand delivered on this 2<sup>nd</sup> day of March, 2017 to:

Arizona Corporation Commission  
Docket Control  
1200 West Washington Street  
Phoenix, Arizona 85007

Copies of the foregoing mailed/e-mailed this 2<sup>nd</sup> day of March, 2017 to:

**Service List**

# **EXHIBIT A**



**Income Statement**

	Total	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenue</b>													
More Accurate Replaced Meter	34,428	26	98	276	603	977	1,376	1,793	1,847	1,902	1,959	2,018	2,079
<b>O&amp;M Expense/(Savings)</b>													
Meter Reader Salaries	(153,959)	-	(349)	(864)	(2,002)	(3,590)	(5,349)	(7,212)	(8,346)	(8,596)	(8,854)	(9,120)	(9,393)
Severance Meter Readers	1,595	-	-	-	257	353	381	393	212	-	-	-	-
Service Men Salaries	(47,247)	-	(78)	(241)	(579)	(937)	(1,404)	(1,988)	(2,327)	(2,492)	(2,567)	(2,644)	(2,723)
Severance Servicemen	523	-	18	37	76	79	101	125	64	22	-	-	-
Supervisor Salaries	(7,181)	-	-	-	(114)	(235)	(242)	(374)	(385)	(397)	(409)	(421)	(434)
Meter Read Admin Salaries	(2,501)	-	-	-	(60)	(62)	(128)	(132)	(136)	(140)	(144)	(148)	(153)
Production Coordinator Salaries	(4,940)	-	-	(77)	(79)	(163)	(168)	(260)	(267)	(276)	(284)	(292)	(301)
Vehicle Costs	(15,402)	-	(32)	(83)	(199)	(351)	(518)	(708)	(819)	(850)	(875)	(901)	(929)
Overtime Costs	(2,263)	(1)	(8)	(22)	(45)	(68)	(93)	(119)	(123)	(127)	(130)	(134)	(138)
Annual Cellular Fee / Hub	28,724	8	59	192	423	713	1,020	1,346	1,538	1,584	1,632	1,680	1,731
IS Maintenance	2,434	75	77	80	82	84	87	90	92	95	98	101	104
Host Software License Fee	487	15	15	16	16	17	17	18	18	19	20	20	21
Office Space	-	-	-	-	-	-	-	-	-	-	-	-	-
Iron Maint Fee	(1,630)	(1)	(6)	(16)	(32)	(49)	(67)	(86)	(89)	(91)	(94)	(97)	(100)
Total O&M	(201,360)	96	(304)	(978)	(2,256)	(4,210)	(6,362)	(8,907)	(10,566)	(11,248)	(11,608)	(11,957)	(12,315)
<b>Book Depreciation Expense</b>													
Write-off of Replaced Meters	11,857	700	1,589	2,722	2,633	2,595	2,530	(913)	0	0	0	0	0
Book Depreciation	63,030	156	338	675	1,322	2,179	3,076	3,975	4,414	4,222	4,203	4,184	4,164
Total Book Depreciation	74,887	856	1,927	3,397	3,956	4,774	5,606	3,062	4,414	4,222	4,203	4,184	4,164
<b>Financing</b>													
Interest Expense	19,028	72	195	457	909	1,369	1,801	2,195	2,009	1,834	1,662	1,495	1,331
Financing Cost of One-time Replacement	57,854	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing Cost	76,882	72	195	457	909	1,369	1,801	2,195	2,009	1,834	1,662	1,495	1,331
<b>Property Tax</b>	4,646	18	48	113	223	335	439	534	487	442	397	353	308
<b>Income Before Taxes</b>	79,373	(1,016)	(1,769)	(2,714)	(2,228)	(1,291)	(108)	4,909	5,502	6,653	7,305	7,943	8,590
<b>Income Taxes</b>	31,749	(406)	(707)	(1,085)	(891)	(516)	(43)	1,964	2,201	2,661	2,922	3,177	3,436
<b>Net Income</b>	47,624	(610)	(1,061)	(1,628)	(1,337)	(775)	(65)	2,945	3,301	3,992	4,383	4,766	5,154
Book Depreciation Schedule		1	2	3	4	5	6	7	8				



**Income Statement**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Revenue</b>											
More Accurate Replaced Meter	2,141	2,205	2,271	2,339	2,410	2,367	2,158	1,711	1,191	633	49
<b>O&amp;M Expense/(Savings)</b>											
Meter Reader Salaries	(9,675)	(9,965)	(10,264)	(10,572)	(10,781)	(10,655)	(9,820)	(8,092)	(5,883)	(3,535)	(1,040)
Severance Meter Readers	-	-	-	-	-	-	-	-	-	-	-
Severance Salaries	(2,805)	(2,889)	(2,976)	(3,065)	(3,157)	(3,252)	(3,350)	(3,185)	(2,460)	(1,549)	(580)
Severance Servicemen	-	-	-	-	-	-	-	-	-	-	-
Supervisor Salaries	(447)	(460)	(474)	(488)	(503)	(518)	(533)	(366)	(189)	(194)	-
Meter Read Admin Salaries	(157)	(162)	(167)	(172)	(177)	(182)	(188)	(97)	(100)	-	-
Production Coordinator Salaries	(310)	(319)	(329)	(339)	(349)	(359)	(247)	(254)	(131)	(135)	-
Vehicle Costs	(956)	(985)	(1,015)	(1,045)	(1,068)	(1,066)	(1,009)	(857)	(629)	(387)	(120)
Overtime Costs	(143)	(147)	(151)	(156)	(158)	(152)	(134)	(104)	(71)	(37)	-
Annual Cellular Fee / Hub	1,783	1,836	1,891	1,948	1,993	1,972	1,821	1,515	1,114	689	236
IS Maintenance	107	110	113	117	120	124	128	132	135	140	144
Host Software License Fee	21	22	23	23	24	25	26	26	27	28	29
Office Space	-	-	-	-	-	-	-	-	-	-	-
Iron Maint Fee	(103)	(106)	(109)	(112)	(114)	(110)	(97)	(75)	(51)	(26)	-
Total O&M	(12,685)	(13,065)	(13,457)	(13,861)	(14,169)	(14,174)	(13,404)	(11,356)	(8,237)	(5,006)	(1,331)
<b>Book Depreciation Expense</b>											
Write-off of Replaced Meters	0	0	0	0	0	0	0	0	0	0	0
Book Depreciation	4,144	4,122	4,100	4,046	3,903	3,566	2,919	2,063	1,165	266	(173)
Total Book Depreciation	4,144	4,122	4,100	4,046	3,903	3,566	2,919	2,063	1,165	266	(173)
<b>Financing</b>											
Interest Expense	1,169	1,009	845	675	333	1,228	3,347	7,111	11,186	15,299	19,350
Financing Cost of One-time Replacement	-	-	-	-	-	-	-	-	-	-	-
Total Financing Cost	1,169	1,009	845	675	333	1,228	3,347	7,111	11,186	15,299	19,350
<b>Property Tax</b>	263	219	175	131	92	56	27	6	(5)	(8)	(6)
<b>Income Before Taxes</b>	9,249	9,920	10,608	11,348	12,251	11,691	9,270	3,888	(2,918)	(9,918)	(17,790)
<b>Income Taxes</b>	3,700	3,968	4,243	4,539	4,900	4,677	3,708	1,555	(1,167)	(3,967)	(7,116)
<b>Net Income</b>	5,549	5,952	6,365	6,809	7,350	7,015	5,562	2,333	(1,751)	(5,951)	(10,674)
Book Depreciation Schedule											



15 Yr S/L  
 Vintage 2005  
 Vintage 2006  
 Total

Book Depreciation Schedule

15 Yr S/L	13	14	15	16	17	18	19	20	21	22	23
Vintage 2005	6.67% 63	6.67% 63	6.67% 63	3.33% 31	- 100	- -	- -	- -	- -	- -	- -
Vintage 2006	200	200	200	200	474	237	-	-	-	-	-
Vintage 2007	474	474	474	474	820	820	410	-	-	-	-
Vintage 2008	820	820	820	820	820	820	892	446	-	-	-
Vintage 2009	892	892	892	892	902	902	902	902	451	-	-
Vintage 2010	902	902	902	902	896	896	896	896	896	448	-
Vintage 2011	896	896	896	896	896	896	896	896	896	896	(9)
Vintage 2012	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Vintage 2013	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Vintage 2014	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)
Vintage 2015	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)
Vintage 2016	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Vintage 2017	(20)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)
Vintage 2018	(10)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Vintage 2019											
Vintage 2020											
Vintage 2021											
	4,144	4,122	4,100	4,046	3,903	3,566	2,919	2,063	1,165	266	(173)